



ESSUPER MODERN SLAVERY STATEMENT - 2023

ESSSuper
EMERGENCY SERVICES SUPERANNUATION BOARD
ESSUPER MODERN SLAVERY STATEMENT - 2023

Contents

1. Purpose of the Statement.....	3
2. Scope of the Statement.....	3
3. Reporting Entity.....	3
Reporting Entity Structure	4
Values	4
Suppliers	4
Supply chains	5
Investments	5
4. Risk assessment and due diligence.....	6
Assessment and actions to address modern slavery risks	8
5. Future commitments.....	8
6. Approval	8
7. Appendix	9

1. Purpose of the Statement

This Statement expresses the Emergency Services Superannuation Board's (**ESSB**) approach to Modern Slavery for the year ended 30 June 2023.

This Statement is the third Modern Slavery Statement issued by the ESSB, previous statements having been issued for years ended 30 June 2021 and 30 June 2022.

2. Scope of the Statement

ESSSuper has issued this Statement to reflect the requirements of the Modern Slavery Act 2018 (Cth) (MSA).

The Emergency Services Superannuation Board (ESSB) has established an internal reviewing process to:

- Identify ESSSuper's exposure to modern slavery in its operations and supply chains;
- Educate staff and suppliers to recognise potential risks and apply mitigation strategies and practices; and
- Increase awareness of modern slavery in the Fund's business activities.

3. Reporting Entity

ESSSuper is an exempt public sector superannuation fund for the purposes of the Superannuation Industry Supervision Act 1993 (Cth) and related superannuation legislation, whose members include emergency services employees and state government employees within the state of Victoria.

The ESSSuper Board acts as the trustee of the Emergency Services Superannuation Scheme. The Board administers the State's complex statutory defined benefit superannuation funds and all other administered schemes and is responsible for meeting its obligations under the Emergency Services Superannuation Act 1986 (Vic).

ESSSuper employs over 150 people, all of whom are based in Australia. Our workforce consists of predominantly permanent employees across a variety of professional roles.

Our members are active or retired public servants who provide essential services to the community. The majority of ESSSuper members are staff of Victoria Police, Fire Rescue Victoria, Ambulance Victoria, and Victorian Government schools.

Our mission is to help members achieve their superannuation and retirement goals, while meeting stakeholder responsibilities. With more than 127,000 members holding over \$36 billion in defined benefit and accumulation assets (as at 30 June 2023), we are one of Australia's largest super funds.

ESSSuper's participating employers include:

- Victoria Police
- Fire Rescue Victoria
- Country Fire Authority
- Ambulance Victoria
- Rural Ambulance Victoria
- Transfield
- Metro Trains Melbourne
- Department of Education & Training

- Department of Human Services
- Department of Justice
- Department of Primary Industries
- Department of Sustainability & Environment
- Vic Roads

ESSSuper aims to grow and protect our members' superannuation and support them throughout their lives. To achieve this the Fund provides options, information and advice to ensure members can make the best choices to meet their retirement goals.

ESSSuper is administered under the laws of the State of Victoria (including the Emergency Services Superannuation Act 1986, the State Superannuation Act 1988, the State Employees Retirement Benefits Act 1979 and the Transport Superannuation Act 1988).

ESSSuper is the reporting entity for this statement, and it does not own or control any other entities for the purpose of consultation relating to this statement.

Reporting Entity Structure

The ESSSuper Board and the Fund are governed by the Emergency Services Superannuation Act 1986 (Vic). The Fund provides benefits for current and former Victorian emergency services employees, certain public sector employees and their partners.

The Board manages and administers the Emergency Services Superannuation Scheme and all other administered schemes (the Fund) (ABN 85 894 637 037).

ESSSuper (Emergency Services & State Super) is the registered business name of the Emergency Services Superannuation Board (the Board) (ABN 28 161 296 741).

Values

ESSSuper has over 150 employees, all of whom are based in Australia and all of whom have or will be provided with MSA awareness training. The Fund recognises the contribution each employee makes to the organisation and has identified four fundamental values expected of every staff member, which are based upon Accountability, Trust, Collaboration and Courage.

The Fund is a signatory to the Principles for Responsible Investment (PRI), which are a voluntary and aspirational set of principles that provide a framework for possible actions for incorporating ESG issues into practice.

Suppliers

In addition to staff, the business had over 270 suppliers in the 2022-23 financial year. These include general service providers, consultants, investment managers, investment advisors, and specialist service providers directly associated with the superannuation industry.

All investment managers are assessed on a number of business, personnel and commercial factors, including the robustness with which they consider Environmental, Social and Governance (ESG) issues in processes. The Board acknowledges that ESG issues have the potential to erode value over time and, therefore, managing the risks associated with ESG issues is important to generating long-term financial returns.

Management work with the Fund's Investment Advisor to assess the ESG credentials of prospective investment managers prior to investment. The Fund's Investment Advisor employs a number of

dedicated ESG focussed staff, which are leveraged by ESSSuper as a source of specialist ESG advice.

ESSSuper seeks to invest all Accumulation Plan assets in accordance with its Responsible Investment Policy to ensure that the Fund develops a comprehensive understanding of relevant ESG issues.

Supply chains

ESSSuper's exposure to Modern Slavery risks in its activities and supply chain are considered low as:

- it does not operate in or directly acquire services from industries subject to known high risks;
- it only operates within Australia, primarily employing the services of Australian based suppliers;
- service providers predominantly supply technical expertise, advice and IT software; and
- purchases of equipment, materials and office supplies are through approved supplier contracts.

ESSSuper's primary supply chains relate to the administration of superannuation account balances and the investment of employer and member contributions. Service providers are mostly based in Australia and operate under contracts that meet the Victorian Government's procurement requirements, which include social as well as financial targets.

Additionally, ESSSuper is required to comply with Victorian Government social procurement directives regarding the organisation's use of its buying power to generate social value above and beyond the value of the goods, services or construction being procured. This closely aligns with the MSA approach to social and community awareness in its activities and operations.

ESSSuper had 244 business services suppliers in 2022/23 (excluding Investment Managers) and the top 20 suppliers represent more than 75% of total expenditure on suppliers. Of the top 20 suppliers, 13 had their own Modern Slavery Statements and the remainder did not meet the threshold for the mandatory issuance of an MSA statement. Of the 244 business services suppliers, 78 (32%) had issued Modern Slavery Statements. ESSSuper had a further 34 investment services suppliers in 2022/23 of which 31 had their own Modern Slavery Statements or policies addressing modern slavery in their supply chains.

Investments

All investments undertaken by ESSSuper are made in accordance with the Board's investment goals, the Borrowing and Investment Powers Act 1987 and the Victorian Treasurer's Prudential Statement investment guidelines.

Investment responsibilities for the defined benefit assets were transferred to the Victorian Funds Management Corporation (VFMC) on 1 July 2006. As at 30 June 2023, the amount managed by VFMC was \$27.1B. However, the Board retains investment responsibilities for managing the accumulation assets and is responsible for setting investment objectives for both the accumulation and defined benefit assets. VFMC issues its own Modern Slavery Statement.

For defined benefit assets, the Board has a framework for setting investment objectives which involves an external advisor and VFMC.

Accumulation fund assets are managed by an internal Investments team supported by specialist service providers. External specialist investment managers (Investment Managers) are contracted to manage ESSSuper's investments in line with the guidelines set by the Investment Committee. The performance for individual Investment Managers, asset classes and products are measured against

agreed performance benchmarks and monitored and reported to the Investment Committee and Board. As at 30 June 2023, the amount managed by Investment Managers was \$8.7B.

ESSSuper acknowledges the importance of environmental, social and governance (ESG) factors and that they have the potential to affect the financial performance of investments. Accordingly, the Fund observes the principles for responsible investing to integrate the consideration of these factors with the investment process.

Environmental	Social	Governance
Climate Change	Management of labour relations	Company Board composition
Pollution	Workplace health and safety	Executive remuneration
Sustainable real estate	Supply chain management	Proxy voting
Cleantech energy	Workplace diversity	Conflict of Interest

ESSSuper’s responsible investment approach seeks to integrate the analysis of ESG risks and opportunities through our broader investment processes. The Fund also seeks to maximise alignment with the companies ESSSuper invests in by voting on company resolutions and promoting responsible investment through collaboration on responsible investment initiatives with our peers and industry bodies.

ESSSuper is a signatory to the United Nation’s supported Principles for Responsible Investment (PRI) initiative, the Investor Group for Climate Change and CDP (previously known as the Carbon Disclosure Project).

The PRI are a voluntary and aspirational set of investment principles that provide a framework for possible actions for incorporating ESG issues into practice. As a signatory to the PRI the Fund aspires to incorporate the principles-based framework into its investment decision-making process.

The PRI principles include:

- incorporation of ESG issues into investment analysis and decision-making processes;
- active ownership and incorporating ESG issues into ownership policies and practices;
- appropriate disclosure of ESG issues from invested entities;
- promoting acceptance and implementation of the principles within the investment industry;
- working to enhance the effectiveness of implementing the PRI principles; and
- reporting activities and progress towards implementing the principles.

4. Risk assessment and due diligence

In consideration of the MSA, ESSSuper undertakes an annual examination of the risk characteristics of its suppliers, with a focus on areas of known vulnerability and risk exposure. This is supplemented by a questionnaire to selected suppliers to enquire about their awareness, training and assessment of the requirements of the MSA in their business and operations.

The types of goods and services procured by ESSSuper are:

Type	Purpose
Member Administration services	Administration system services, call centre
Technology	Hardware (PCs, printers, servers) and software (security, operating system licensing)
Operational Service Contracts	Investment Managers, Data, Custodian, Telecoms
Workplace	Building lease, cleaning contract, office equipment
Professional Services	Internal audit, investment advisory, legal, taxation, risk and compliance
Marketing	Marketing analytics, seminar venues
Labour hire	Contractors
Other	Accommodation, travel, incidentals

In the process of identifying modern slavery exposure, ESSSuper focused on its procurement practices and suppliers. Procurement practices at ESSSuper are undertaken having regard to the Victorian Government Purchasing Board standards and guidelines.

Contracts are reviewed relative to known categories of at-risk groups to allow efforts to be directed to the areas where the most risk or uncertainty was identified.

Groups	At risk group examples
Industry Type	Textile production, electronics manufacture, cleaning services
Supplier location	As per Global Slavery Index
Commodity type	Garments, electronics
Nature of workforce	Low skilled, low paid, seasonal workers, in isolated locations, vulnerable to exploitation
Supplier operating condition	Inadequate labour laws, absence of grievance mechanisms or worker organisations and workers' representatives
Supply chain model	Sub-contracted workers, complex supply chains, complex employment relations with reliance on agency
Labour hire	Contractors
Other	Accommodation, travel, incidentals

Ref: UK Civil Service: Tackling Modern Slavery in Government Supply Chains

Assessment and actions to address modern slavery risks

The supplier review undertaken in relation to supplier contracts in place during the 2022/23 financial year has not identified any occurrences of modern slavery and all suppliers were identified as either low risk or taking action in areas of potential exposure in their supply chains, such as those shown in the table above. This reflects the nature of the businesses they operate, services they supply and countries in which they operate.

The use of questionnaires over the past three years and examination of these responses have provided useful information on the approach taken by individual suppliers and assist in indicating their awareness of Modern Slavery and ability to identify potential exposure. These actions reinforce ESSSuper's expectations of its suppliers to continue developing their own modern slavery practices.

In 2022/23 reporting period ESSSuper had 244 business services suppliers of which 78 (32%) had issued their own modern slavery statements, policies or practices which is an increase from 66 of 243 (27%) in 2021-22.

Each year ESSSuper asks its Investment Managers to outline their processes for complying with the MSA.

In the 2022/23 financial year Modern Slavery training was provided to all staff through an online course which is part of ESSSuper's compliance training program.

5. Future commitments

In 2023-24 ESSSuper's focus will be to:

- continue to incorporate standard modern slavery clauses into the contracts of major suppliers;
- review the principles and practices in place to review modern slavery risks within the business operations and supply chains of our major suppliers;
- further analyse MSA exposure in investment management; and
- provide further staff training and awareness and understanding of areas of risk exposure to modern slavery in operational activities.

6. Approval

This modern slavery statement was approved by the Emergency Services Superannuation Board on 7 December 2023.



Joan Fitzpatrick
President

7. Appendix

This statement was prepared to meet the mandatory reporting criteria set out under the Modern Slavery Act 2018. The table below identifies where each criterion is disclosed within the different sections of the statement.

Mandatory criteria for modern slavery statements	Reference page
Identify the reporting entity	3
Describe the structure, operation and supply chains of the reporting entity	4
Describe the process of consultation with: <ul style="list-style-type: none">any entities that the reporting entity owns or controls; and in the case of a reporting entity covered by a statement under section 14 of the Act – the entity giving the statement	4
Describe the risk of modern slavery practice in the operation and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	6
Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	7
Describe how the reporting entity assesses the effectiveness of such actions	7
Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	8